

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2124 - SB 2119**

March 17, 2009

**SUMMARY OF BILL:** Expands definition of “tangible personal property held for lease or rental” for the purpose of determining proper classification and rate for tangible personal property tax to include tangible personal property leased or rented simultaneously with the lease, rental, or sale of medical devices, substances or implants.

**ESTIMATED FISCAL IMPACT:**

**Decrease Local Revenue - \$2,424,700**

Assumptions:

- According to the Office of the Comptroller, this bill effectively exempts three business entities located in Memphis from paying ad valorem tax on certain tangible personal property. The total appraised value of the tangible personal property of these entities is \$113,966,596.
- Applying the 30 percent classification rate to the total appraised value allows for \$34,189,979 of assessed value.
- Of this \$34,189,979 in assessed value, one entity in Memphis has tangible personal property with an assessed value of \$31,068,610; one entity in Collierville has tangible personal property with an assessed value of \$328,823; one entity in Arlington has tangible personal property with an assessed value of \$2,792,546.
- Based on information provided by the Comptroller, the property tax rate in Memphis is \$7.29 per \$100 of assessed value; the property tax rate in Collierville is \$5.37 per \$100 of assessed value; and the property tax rate in Arlington is \$5.09 per \$100 of assessed value.
- The decrease to local government revenue is estimated to be \$2,424,700 per year  $\{[(\$31,068,610/\$100) \times \$7.29] + [(\$328,823/\$100) \times \$5.37] + [(\$2,792,546/\$100) \times \$5.09] = \$2,424,700\}$ .

**HB 2124 - SB 2119**

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/rnc